



The Main and The Exchange Hilton Hotel and Conference Center

**City Council Presentation
June 27, 2017**

Presentation Overview

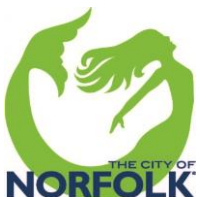
- Status of the hotel, conference center, and parking garage project
- Financial update of the project

A nighttime photograph of a city street corner. In the center, a tall, modern building with a glass facade is brightly lit, reflecting the streetlights. To its left is a classical building with large columns. To its right is another tall building with many windows. The street is paved with cobblestones and has several streetlights. A few people are walking on the sidewalk. The overall scene is illuminated by warm yellow streetlights and the cool blue lights of the modern building.

Project Status

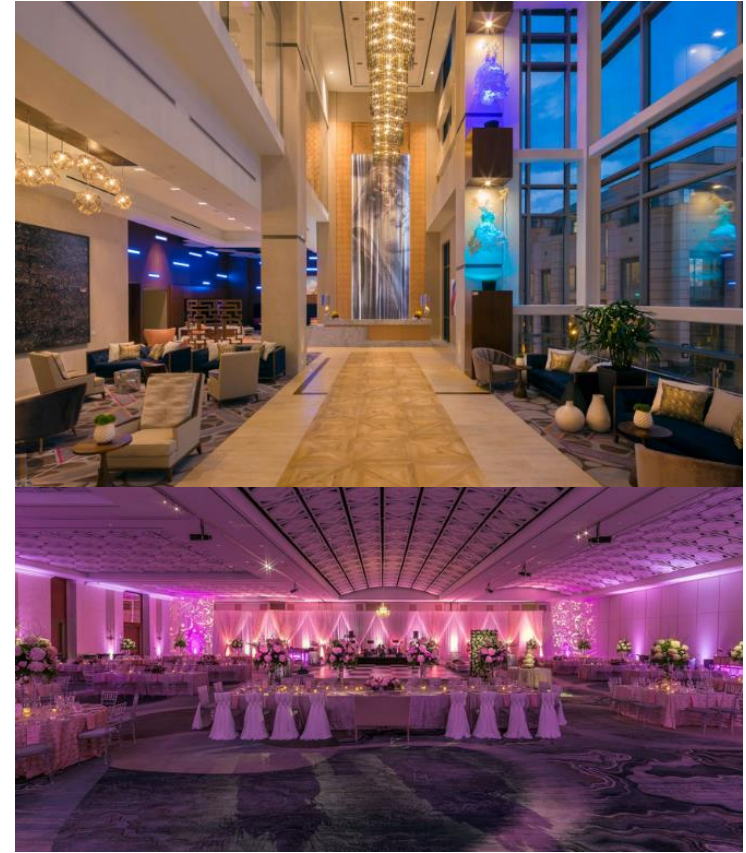
Recent History

- In 2013, the City of Norfolk entered into a public-private partnership with Gold Key / PHR for the development of a 23-story, luxury Hilton Hotel, a city-owned conference center and a parking garage
- In March 2017, The Main had its grand opening celebration
 - Project created over 1,000 construction jobs and employs 600 people
- Final punch list items are still being finished in the parking garage and throughout the facility



The Main and The Exchange Overview

- ~50,000 SF conference space
 - 39 meeting rooms of various sizes
 - Largest conference space in Norfolk & largest ballroom in Virginia
- 300 key full service hotel
 - 11 luxury suites
- 358 space parking facility
- Three full service restaurants
- Rooftop beer garden and pool



Opening Highlights

- THE MAIN opened to the public on March 30, 2017



THE MAIN EVENT – A Weekend Celebration for the Arts

- Raised \$581,000 for local arts institutions
- THE MAIN EVENT featured an array of visual art experiences, live performances from Virginia's leading theatrical organizations and Tony Award-winner Kelli O'Hara, as the weekend's headliner, performed with the Virginia Symphony



Grand Opening Event – Cirque Productions

- 650 children and families who benefit from local charity organizations were invited to see Cirque Productions for free
- Children and families from Achievable Dreams, CHKD, The Up Center, Boys & Girls Clubs of VA, YMCA, The Governor's School for the Arts, Norfolk Community Services Board, St. Mary's Home, Arts Inclusion Company, and City of Norfolk Housing all attended



Economic Impact

- Since opening, THE MAIN and its comp set have accounted for 7,159 additional room nights versus the prior year; or 8.3% room night growth in the market
- 118,856 group room nights confirmed or in negotiations with 76% of the business being new to Norfolk or has not been in past 5 years
- Notable new groups include: Osteopathic Cranial Academy, World Congress on Electroporation, Ferguson Enterprises, Transportation Lawyers Association, IsBiotek, American Association of Port Authorities



Economic Impact

With THE MAIN now open:

- The market as a whole grew 6.0% in occupancy (additional 2,575 room nights) in April 2017
- The market as a whole grew 10.7% in occupancy (additional 4,584 room nights) running four weeks in May as of 5/28/2017
- The comp set is growing ADR, up 2.3 points (\$107.61) compared to same time last year

Key Takeaways

- The project complements downtown attractions, provides over 600 permanent jobs, and at least \$2 million in new direct tax revenue annually
- So far, THE MAIN has shown to be a **market maker, not a market taker** and helps us complete a 20 year downtown redevelopment plan that increases revenue used to support the whole city

A nighttime city street scene featuring a Hilton hotel and a modern glass-fronted building. The Hilton hotel is a tall, dark building with many lit windows and a blue-lit top section. The glass-fronted building is a modern structure with a large glass facade, reflecting the city lights. The street is illuminated by yellow streetlights, and there are other buildings and cars visible in the background.

Financial Update

Financial Update Overview

- Project funding overview
- Review Conference Center and Parking Garage costs
 - Budget vs. actual costs
 - Other related expenses
- Review Hotel Grants
- Summary of total project costs

Project Funding Overview

- Conference Center / Hotel Grant costs will be supported by the Public Amenities Fund
- Parking Garage costs will be supported by user fees generated by the city's parking system
- Final inspections of the facility may result in additional costs not reflected in the presentation
- The project budget did not include a contingency

Construction Appropriation

Conference Center and Parking Garage Funding

	Appropriation	Pre-Development Costs ¹	Funds for Construction
Conference Center	\$66,265,000	\$12,443,942	\$53,821,058
Parking Garage	\$22,000,000	\$ 3,563,816	\$18,436,184
Total	\$88,265,000	\$16,007,758	\$72,257,242

¹Expenditures prior to MDA with Gold Key / PHR (prior to 4/9/2013) and included land acquisition, design, and site preparation

Conference Center and Parking Garage Costs

Budget vs. Actual Costs

Description	Amount
Conference Center / Parking Construction Budget	\$72,113,334
Projected Construction Expenses	\$72,143,302
(Over)/Under Budget	(\$29,968)

Other Conference Center / Parking Garage Costs

Description	Amount
Related Sitework	\$4,187,746
Conference Center Kitchen Equipment	\$923,774
Conference Center Technology	\$2,005,415
Total Other Costs	\$7,116,935



Hotel Grants

Description	Amount
Hotel Grant (Reduce Construction Costs)	\$7,500,000
Shared Hotel Construction Costs	\$2,500,000
Total Hotel Construction Grants	\$10,000,000

Note: Additional on-going performance based grants included in the 2013 MDA (Public Amenities Fund)

- Tourism Development Financing Program (TDFP): up to \$2.4 million plus interest
- Performance Based Grant: \$750,000

Total Public Investment

Description	Amount
Pre-Development Costs	\$16,007,758
Conference Center/Parking Construction Cost	\$72,143,302
Other Conference Center / Parking Garage Costs	\$7,116,935
Hotel Grants	\$10,000,000
Total Public Investment¹	\$105,267,995

¹Does not include future payments for performance based grants